

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 1282 - HB 1209

March 19, 2013

SUMMARY OF BILL: Requires the Bureau of TennCare (the Bureau) to include critical access medication management for critical prescription access patients as a mandatory service when entering into a contract or renewing an existing contract with managed care organizations (MCOs) after the effective date of the bill. The Bureau is required to reimburse MCOs not less than \$60 per person per month for the provision of critical access medication management services and to require the MCO to reimburse terminal distributors of dangerous drugs at the same rate the MCO is reimbursed by the Bureau. The minimum reimbursement rate will be annually adjusted to reflect the average consumer price index (all items-city average) as published by the United States Department of Labor, Bureau of Labor Statistics.

A critical prescription access patient means a recipient of TennCare medical assistance who is diagnosed with and receiving treatment for human immunodeficiency virus (HIV), cancer or a mental illness, that is enrolled in an MCO, and who requires any of the following for treatment: not less than four types of prescription drugs per month; use of a prescription compliance program, such as medication registry monitoring; specialized adherence, or compliance packaging for prescription drugs; or multiple dispensing of prescription drugs per month. A terminal distributor of dangerous drugs includes pharmacies, hospitals, nursing homes, and laboratories and all other persons, except wholesale distributors or pharmacists, who are engaged in the sale of drugs at retail or have possession, custody, or control of dangerous drugs for any purpose other than for their own use and consumption.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$12,784,300/FY13-14
\$25,568,600/FY14-15 and Subsequent Years**

**Increase Federal Expenditures - \$24,271,600/FY13-14
\$48,543,200/FY14-15 and Subsequent Years**

Assumptions:

- According to the Bureau, in FY11-12 an average 102,933 TennCare enrollees per month would have been classified as critical prescription access patients.
- It is estimated that the annual reimbursement cost for critical access medication management will be \$74,111,760 (102,933 enrollees x \$60 x 12 months).

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- Of the \$74,111,760, \$25,568,557 will be state funds at a 34.5 percent rate and \$48,543,203 will be federal funds at a 65.5 percent match rate.
- The bill takes effect January 1, 2014; therefore, the FY13-14 expenditures will only be for six months resulting in state expenditures of \$12,784,278.50 ($\$25,568,557 \times 0.50$) and federal expenditures of \$24,271,601.50 ($\$48,543,203 \times 0.50$).
- According to the Department of Commerce and Insurance, TennCare Oversight Division, the regulatory activities required by the bill can be accommodated within the existing resources of the Department without an increased appropriation or reduced reversion.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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